

# WINDSOR TRUST'S SIDE OF IT

## ONLY AN AGENT, YOUNG INSISTS—BIRMINGHAM IS OUT.

He was instructed, the President says, to "Make the Deal Clear—Not Explained what It Did to Earn \$1,000—Pershing still in Cell, No Head Being Appearing."

This is President John Alvin Young's version of the Windsor Trust Company's part of the \$50,000 Heinz loan.

Sterling Birmingham, manager of the company's loan department, came to President Young with a letter written by Richard Kaufman, a note broker of 44 Broadway. In this letter Kaufman said that he had a client, Charles Katz, president of the Eastern Brewing Company of Brooklyn, who wanted to place a loan of \$50,000 on Heinz copper stocks. Kaufman asked the Windsor Trust Company to act as agent in placing this loan and offered a commission of \$1,000.

Kaufman explained that Katz was willing to pay this large commission because he was interested in getting the copper stock up as collateral and thus keeping it out of the market.

President Young says he read this Kaufman letter and told Birmingham to go ahead with the transaction. When the negotiations were actually under way there was another talk between Young and Birmingham. The president of the trust company declares that he warned Birmingham to be very particular to see that the man who got the loan understood that the Windsor Trust Company was not making it direct, but was only acting as an agent.

"Be sure you don't make any mistake about this, make it clear that the company is acting for an agent," were Young's instructions to the manager of the trust department, according to Young's story.

He says that he added:

"To be sure that there won't be any mistake in the matter I want you when the money is passed to have the lender or his agent, together with the borrower or his agent, here in the office, and I want you to see that the money really is handed over to the borrower by the lender."

Birmingham admits that he got these instructions from President Young, but admits also that he didn't follow them. So far as the District Attorney's investigation has gone there is nothing tangible against any agent or employee of the trust company, with the possible exception of Birmingham. It is certain, however, that the District Attorney's office will ask Monday for the Windsor Trust Company to be examined by the bottom of the trust company's part in this episode.

In the meantime the Windsor people have thrown Birmingham over publicly. His statement was given out by President Young through his brother W. L. Young, who is connected with an advertising agency.

Sterling Birmingham is no longer connected with the Windsor Trust Company. His discharge was given out by the company, which had accepted a commission of \$500 in connection with the loan supposedly made by Charles Katz, president of the Eastern Brewing Company, to M. M. Joyce, who is now in the District Attorney's examination into the circumstances surrounding this loan and any possible connection of its officers or employees with Richard Kaufman and is convinced that it has not had any transaction with Kaufman since his discharge. It is also ascertained that he had accepted a commission of \$500 in connection with the loan supposedly made by Charles Katz, president of the Eastern Brewing Company, to M. M. Joyce.

The company has made an exhaustive examination into the circumstances surrounding this loan and any possible connection of its officers or employees with Richard Kaufman and is convinced that it has not had any transaction with Kaufman since his discharge. It is also ascertained that he had accepted a commission of \$500 in connection with the loan supposedly made by Charles Katz, president of the Eastern Brewing Company, to M. M. Joyce.

While the Windsor Trust has thrown Birmingham over the former loan manager apparently is standing by the other trust company officials in the investigation. The statement was given out by the trust company's office, which is the District Attorney's office. In the story that Birmingham has first told of the loan transaction he is quoted as having said to Joyce, the agent, that the loan was being made by the trust company, and that he was what Joyce contends he said, but Birmingham declares now that he represented to the borrower that the trust company was only acting as an agent.

The District Attorney's office will undoubtedly ask the Windsor Trust Company if it frequently acts as a clearing agent in making loans and what service the officers really thought was rendered by the \$1,000 commission that it got. Pershing's lawyer has contended that this \$1,000 was entered in the books of the trust company as a "higher up" with the District Attorney's office will want to know about that.

Field, head of the curb brokerage firm of Field, Clark, Percich and Co., also will be asked to produce the books on Monday. The acting District Attorney would like to find out where the \$1,000 commission was advanced in the Windsor Trust Company's books, and whether it was from his own account or came from other sources. It is also alleged that the acting District Attorney made a check of the books of the trust company, and that he found the \$1,000 commission was entered in the books of the trust company as a "higher up" with the District Attorney's office will want to know about that.

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clerk, and got him to borrow \$50,000 from Field, Clark, Percich and Co., as a borrower, and Sherwood represented, the Windsor Trust Company says, as the agent of Katz, the lender, met at the trust company, Joyce, who had \$100,000 of stocks to Birmingham, Sherwood had \$100,000 in the \$50,000 that he had borrowed from Field, Birmingham gave the money to Joyce and the stocks to Sherwood as the security for the loan.

This much is clear to the District Attorney's office. What remains to be determined is whether Sherwood's assertion that he bought the \$100,000 of stock belonged to Donald Pershing is true, or whether L. J. Field knew about the transaction and what were the conditions in the trust company that made the successful carrying out of the episode possible.

L. J. Field was up before Judge Lynch in the City Court yesterday morning on an order obtained by Phillips & Sullivan, lawyers, 109 Nassau street, who are delving into the episode. Field was ordered to satisfy a judgment of \$250. This judgment was obtained in August, 1908, by Paul A. Koch, and Pershing pleaded guilty to the charge. Field was then Koghan, who had no money, property, or cash, but had a good deal of property, and a profit of \$14,000 in this Windsor loan and got his money.

Pershing owed the money on a note which was signed by Pershing and Sherwood. Curiously enough, Rishbrough is the name that was signed to the stock delivery receipt in the Eclipse Oil case. Koch's lawyers, for this reason, are looking for the examination of Field. Field was irritated. He said he never saw Pershing and didn't know him until this present transaction came up, when Sherwood had requested him to deliver the \$100,000 of copper stocks tied up on a loan of \$50,000 at the Windsor Trust Company, which he desired to lift. It was on the strength of this story that Field advanced the \$50,000 to Sherwood.

Albert E. Chandler, secretary of the Carnegie Trust Company, was another witness examined. He brought a transcript of Pershing's letter to Koch, in which Pershing had a balance of \$350.50. On the same day, three days after the Heinz stocks had been sold, he deposited \$30.47 in the bank, splitting his money up in the way that had already been told, and since his arrest on August 10 he has drawn two checks, one for \$300 and another for \$250. He has a balance of only \$2.82 in the account, and the plaintiff attacked that.

### \$50,000,000 GUATEMALA LOAN.

#### Cabrera's Plan for New Currency Reformed and Gold Standard Maturing.

NEW ORLEANS, Aug. 14.—A hitch is said to have occurred in the proposed United States loan of \$50,000,000 to Guatemala with which the paper money of the country was to be called in and new currency issued at par value on a gold basis. The loan had been taken, it is said, by New York bankers, but its acceptance has been in doubt since Estrada Cabrera with the bright idea that if the credit of Guatemala is good enough for a \$20,000,000 loan it may be good enough to secure one of \$50,000,000.

The Guatemalan President wants to refund the national debt first and devote the balance to lowering the rate of exchange to a basis of not less than two for one on a gold standard, as is the case in Mexico.

The national debt of Guatemala is about \$11,000,000. Consequently President Cabrera thinks that \$20,000,000 would be entirely insufficient for his purposes. Some weekly arrangements were made to carry the \$20,000,000 loan, but these had to be all begun anew in order to increase the loan. It is asserted that the way is now clear toward making the \$50,000,000 loan and that a New York banking house will establish a national bank in Guatemala City for the transaction of all Government business.

Heretofore all this financing has been done through the banking house of Stahl & Co. of Guatemala City.

### AN AMBASSADOR FROM SPAIN

#### THAT COUNTRY WOULD RAISE THE RANK OF ITS LEGATION.

State Department Probably Will Not Object—Argentina Also Wants to Be in Ambassadorial Class, but That Would Mean Changes for Us Too.

WASHINGTON, Aug. 14.—It is understood that Spain and the Argentine Republic soon will ask the State Department to acquiesce in plans to raise the legations of the two countries to embassies. Neither country would be likely to make the change unless the State Department signified its willingness. Whether Secretary Knox accedes to the desires of the two countries is uncertain. In the case of Spain there probably will be no objection from this Government, but with Argentina it is different.

Ever since Brazil sent an Ambassador to the United States Argentina and Chile have wanted to do likewise. They have objected to having their diplomatic representatives in Washington outranked by the representative from Brazil. The State Department never has been inclined to encourage the sending of Ambassadors from the South American republics and many officials think that Brazil should have been discouraged.

If a country raises its mission here from the rank of legation to embassy it is necessary, according to custom, to raise the American establishment in that country to the same rank. There is now an Ambassador in Rio de Janeiro, and if Argentina sends an Ambassador it would be necessary to have an Ambassador in Buenos Ayres. Chile probably would want to send an Ambassador to Santiago, the place of its legation, and that would place another Ambassador on the American diplomatic list.

The only exception to the rule of "equal rank between this and other countries" is that the State Department has ever made in the case of Turkey. The American Minister there was handicapped by the fact that the Turkish Government, being an Ambassador, and consequently having access to the Sultan, while the American Minister had to deal with the Minister of Foreign Affairs. This was very unsatisfactory, and without request from Turkey, the Minister was made an Ambassador, thus giving him the right to demand personal audience with the Sultan.

There has been some talk here during the last few days in connection with the recall of Minister Wu that the Chinese Government is planning to raise its legation here to the rank of embassy. It is an official confirmation of this report, and officers of the Government are not inclined to believe it. If China should send an Ambassador to Washington, it would have a man of equal rank in Pekin, with the usual right of personal audience with the sovereign.

### FOREIGN TRADE STATISTICS.

#### Excess of Exports Over Imports \$97,188,016 in Last Seven Months.

WASHINGTON, Aug. 14.—According to a statement issued to-day by the Bureau of Statistics of the Department of Commerce and Labor the July imports were \$112,290,190, an increase of \$25,644,703 over the imports of July, 1907; exports, \$109,452,324, an increase of \$26,252,758 over the exports of July, 1907.

In the seven months ending with July, 1908, the imports were \$830,287,438, an increase of \$21,400,840 over the corresponding months of last year; exports \$897,425,804, a decrease of \$83,451,565 compared with the corresponding period last year. The excess of exports over imports in the seven months ending with July, 1908, is \$67,138,016, a decrease of \$804,972,425 when compared with the excess of exports in the corresponding months of last year. Dutiable imports in the seven months ending with July, 1908, were valued at \$462,807,984, against \$458,311,710 in the corresponding months of last year, an increase of \$4,496,274; imports free of duty in the seven months ending with July, 1908, \$367,479,554, against \$265,374,938 in the corresponding months of last year, an increase of \$102,104,615.

### WANT MORE FOREST RANGERS.

#### Examinations to Be Held in October for 8000 Jobs.

WASHINGTON, Aug. 14.—An examination to fill vacancies in the ranger force on 149 national forests in twenty-one States and Territories, including Alaska, this examination it is expected that 800 appointments will be made. The rapid development of the national forests is making continually increasing demands on those engaged in their care and men with ability to serve in supervisory capacities are in demand. The more responsible positions are filled by promotion from lower grades.

Only men who are at least 21 years of age and not more than 40, temperate and in good physical condition are eligible to take the examination. The salary paid to beginners is \$900 a year.

### C. H. & D. REORGANIZATION

#### THE B. & O. IS TO TAKE OVER THE ROAD THIS WEEK.

Overdue Coupons on Notes, Claims for Creditors and Receiver's Certificate to Be Paid at Once in Cash—New Bonds Are Ready for Distribution.

It was announced yesterday that the readjustment plan of the Cincinnati, Hamilton and Dayton, by which the road is to be provisionally taken over by the Baltimore and Ohio, will be executed at once. The plan has not been changed in any material particular from that published several months ago in THE SUN.

The board of directors will be reorganized some time this week so as to give the Baltimore and Ohio control and the property and business will be taken over by Judge Hudson, the receiver, immediately afterward under an order made by United States Circuit Judge Lorton last month.

Commencing to-morrow the past due coupons on the railway company's purchase money 4 per cent. notes, and the underlying bonds of the Cincinnati, Indianapolis and Western Railway Company, the Indiana, Decatur and Western Railway Company, the Cincinnati, Dayton and Ironton Railroad Company, the Cincinnati, Findlay and Fort Wayne Railway Company and the Cincinnati, Dayton and Chicago Railway Company, will be collectible at the office of Morgan & Co. Some of these coupons have been in default more than a year and they aggregate more than \$1,500,000.

The Board of Directors of the Cincinnati, Hamilton and Dayton Railway Company, for materials furnished prior to the receivership and aggregating more than \$1,000,000 and the receiver's certificates aggregating about \$1,500,000, will all be paid at once in cash.

Demand notes aggregating about \$3,000,000 given in 1905 for money borrowed of banks and trust companies will be taken up with new long term bonds. The 4½ per cent. notes, aggregating \$15,000,000, have nearly all been deposited under the plan with the Central Trust Company and will be prepared to pay after Monday to give the new general mortgage bonds in exchange for its certificates issued under the plan.

No statement is given out as to what is proposed to be done with the notes of the same series which have not been deposited under the plan, but it is intimated that their legality will be attacked on grounds that they were not a record of the foreclosure order at Cincinnati. The amount of the undeposited notes is said to be about 2 per cent. of the total outstanding.

The holders of the so-called purchase money 4 per cent. gold notes, aggregating about \$1,000,000, may within a limited time obtain the unconditional guaranty of payment of the principal and interest of those notes by the Baltimore and Ohio Railroad Company upon subjecting their notes to the terms of a supplemental trust agreement with the Central Trust Company.

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